

1997-98 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

Joint Committee on
Finance
(JC-Fi)

Sample:

- Record of Comm. Proceedings
- 97hrAC-EdR_RCP_pt01a
- 97hrAC-EdR_RCP_pt01b
- 97hrAC-EdR_RCP_pt02

➤ Appointments ... Appt

➤

➤ Clearinghouse Rules ... CRule

➤

➤ Committee Hearings ... CH

➤

➤ Committee Reports ... CR

➤

➤ Executive Sessions ... ES

➤

➤ Hearing Records ... HR

➤

➤ Miscellaneous ... Misc

➤ 97hr_JC-Fi_Misc_pt07m_DPR

➤ Record of Comm. Proceedings ... RCP

➤

Joint Finance

16.515 / 16.505

14 Day Passive
Reviews

12/9/97 -

2/9/98

DHFS /
12/9/97

STATE OF WISCONSIN

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BRIAN BURKE

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JOHN GARD

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JOINT COMMITTEE ON FINANCE

TO: Members
Joint Committee on Finance

FROM: Senator Brian Burke
Representative John Gard
Co-Chairs, Joint Committee on Finance

DATE: December 2, 1997

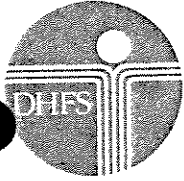
SUBJECT: DHFS Request for Release of TANF Funds

Attached is a copy of a request from Secretary Joe Lekan of the Department of Health and Family Services regarding release of supplemental funding for payments to certain SSI recipients.

Pursuant to section 9132(2z) of 1997 Act 27, the Committee is authorized to approve the Department's request to supplement s. 20.435(7)(ky) with federal Temporary Assistance to Needy Families (TANF) funds under a 14-day passive review process. However, due to the size of the request and the issues involved, the Co-chairs believe a formal review of the request by the Committee is warranted. Accordingly, this request has been included on the agenda for the December 18, 1997, meeting of the Committee under s. 13.10. If you have any questions, please feel free to contact us.

BB/JG/jc
Attachment

cc: Secretary Joe Lekan, DHFS
Dan Caucutt, DOA



State of Wisconsin
Department of Health and Family Services

Tommy G. Thompson, Governor
Joe Lekan, Secretary



November 20, 1997

The Honorable Brian Burke
Senate Co-Chair, Joint Committee on Finance
Room LL1, 119 Martin Luther King Jr. Blvd.
Madison, WI 53702

The Honorable John Gard
Assembly Co-Chair, Joint Committee on Finance
Room 315 North, State Capitol
Madison, WI 53702

Dear Senator Burke and Representative Gard:

Summary of Request

Under the provisions of section 9132(2z) of 1997 Act 27 (the 97-99 biennial budget), the Department of Health and Family Services requests that the Joint Committee on Finance supplement the DHFS appropriation under s. 20.435(7)(ky) with federal Temporary Assistance to Needy Families (TANF) funds from the Committee's appropriation under s. 20.865(4)(m). DHFS requests \$4,196,600 in FY 98 and \$9,428,800 in FY 99 to fund payments under s. 49.775 to SSI recipients who are custodial parents for the support of their children.

Background

The 1997-99 biennial budget created a new \$77 per child benefit to be paid to disabled parents on SSI for the support of their dependent children. The new benefit will replace an AFDC child-only benefit that these families have been receiving. The budget assumed that the payments will be paid by DHFS with a combination of GPR and TANF funds, with the GPR counted towards the State's SSI Maintenance of Effort (MOE) requirement.

The biennial budget also set aside \$14 million in the Committee's appropriation in case additional funds are needed to fund the \$77 payments because 1) Congress restores SSI eligibility for legal aliens, which would result in less GPR available in DHFS's SSI appropriation to fund the \$77 payments, 2) the federal Social Security Administration (SSA) does not allow the State to count the \$77 payments towards the State's SSI MOE requirement, in which case the payments would be funded entirely with TANF funds, and/or 3) SSA allows the State to count the \$77 payments towards its MOE requirement, in which case the statutes mandate that the payments increase from \$77 to \$100.

The first two contingencies have occurred. Earlier this year, Congress passed the Balanced Budget Act of 1997 (P.L. 105-33), which restored SSI benefits for legal noncitizens who were receiving benefits as of August 22, 1996, and restored prospective SSI eligibility for legal noncitizens who in the future become disabled. Because of the federal law change, DHFS will have higher GPR expenditures for SSI benefits than was assumed in the biennial budget, and, as a result, it will require additional TANF funds to make the \$77 payments. The fiscal effect of the restoration of benefits to legal noncitizens is estimated to be \$1,329,300 in FY 98 and \$5,077,600 in FY 99 above budgeted levels.

In addition, SSA notified DHFS in an October 10 letter (which is attached) that it did not consider the \$77 payments to be SSI payments and therefore would not recognize the payments as meeting MOE requirements under 42 USC 1382g. The consequence of SSA's decision, if left unchanged, is that DHFS must fund the \$77 payments entirely with TANF funds, at a cost of \$2,867,300 in FY 98 and \$4,351,200 in FY 99 in addition to the cost of restoring benefits to noncitizens. DHFS's total TANF need for the program is thus \$4,196,600 in FY 98 and \$9,428,800 in FY 99 above budgeted levels.

DHFS is seeking to reverse SSA's decision, but the issue may not be finally resolved for several months to a year. In the interim, DHFS wishes to fund the \$77 payments with TANF funds, to avoid significant GPR costs if SSA's decision remains unchanged. If SSA later allows Wisconsin to treat the \$77 payments as SSI payments for MOE purposes, DHFS would convert the funding for the program from TANF to state SSI GPR funds, up to the State's MOE level. However, DHFS would still require \$1,329,300 in TANF funds in FY 98 and \$5,077,600 in FY 99 above budgeted levels as a result of restoration of benefits to noncitizens.

I will be at the December 18 meeting to represent the Department.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joe Leean", with a long horizontal flourish extending to the right.

Joe Leean
Secretary

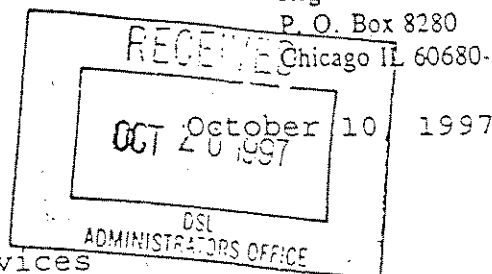
cc: Bob Lang

Estimated TANF Expenditures by DHFS for \$77 payments to SSI parents			
	FY 98	FY 99	Total for Biennium
1. Estimated Expenditures for \$77 payments	\$ 5,767,300	\$ 9,886,800	\$ 15,654,100
2. TANF Budgeted for \$77 payments in Act 27	\$ 1,570,700	\$ 458,000	\$ 2,028,700
3. Additional TANF need due to non-citizen eligibility	\$ 1,329,327	\$ 5,077,558	\$ 6,406,884
4. TANF need due to federal MOE decision (in addition to line 3)	\$ 2,867,273	\$ 4,351,242	\$ 7,218,516
5. Total TANF Expenditures for \$77 payments (lines 2, 3, and 4)	\$ 5,767,300	\$ 9,886,800	\$ 15,654,100
6. Total TANF need above budgeted levels	\$ 4,196,600	\$ 9,428,800	\$ 13,625,400



SOCIAL SECURITY

Regional Office V
P. O. Box 8280
Chicago IL 60680-8280



Mr. Joe Leean, Secretary
Department of Health and Family Services
P.O. Box 7850
Madison, Wisconsin 53707-7850

Dear Mr. Leean:

This is in reply to Mr. Gerald Born's September 5, 1997, letter asking us to verify that the costs of a benefit proposed in Wisconsin's 1997-1999 biennial budget bill can be classified as SSI payments for the purposes of determining the State's compliance with its SSI Maintenance of Effort (passalong) requirement.

According to Mr. Born's letter, the State's budget creates a new benefit to be paid to adult SSI recipients for support of their dependent children, in the amount of \$77 per child per month. The State would add the new benefit to the parent's SSI State supplement check. In general, the State will fund this payment with a combination of State SSI supplement funds and Federal Temporary Assistance for Needy Families funds. However, when the State uses only State SSI supplement funds to pay individuals this benefit, it would like to include this payment in calculating the State's total expenditures for the passalong provision. Mr. Born's letter contends that this benefit meets the definition of an SSI payment under 20 CFR 416.2001(a).

The aforementioned reference, 20 CFR 416.2001(a) states:

State supplementary payments; defined. State supplementary payments are any payments made by a State or one of its political subdivisions...to a recipient of supplemental security income benefits...if the payments are made:

(1) In supplementation of the Federal supplemental security income benefits; i.e., as a complement to the Federal benefit amount, thereby increasing the amount of income available to the recipient to meet his needs....

SSA's interpretation of this citation is that the State SSI payment made to an individual is solely for that individual's use and benefit. The SSI provisions do not allow payments to recipients for dependents. Payment determinations are based on the Federal and State living arrangement, not on the status of the person receiving the Federal SSI payment or the optional state supplementary payment.

Therefore, the type of payment proposed by the State cannot be classified as an optional state supplementary payment for passalong compliance purposes.

If you have any questions, please call me at (312) 575-4000. Staff may contact Marilyn Zavoskey-Davis, Management and Operations Support-Center for Retirement and Survivors, Supplemental Security Income (SSI) and Disability-SSI Team Program Specialist, at (312) 575-4235.

Sincerely,



Myrtle S. Habersham
Regional Commissioner

cc: SSA, Associate Commissioner for
Program Benefits Policy
Mr. Anthony Esealuka, WI SSI
Coordinator
Field Office Manager,
Madison, WI
Area Director, Area II